

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Executive Board
April 08, 2010

[LR542]

The Executive Board of the Legislative Council met at 12:00 p.m. on Thursday, April 8, 2010, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR542. Senators present: John Wightman, Chairperson; John Nelson, Vice Chairperson; Mark Christensen; Deb Fischer; Russ Karpisek; Chris Langemeier; Rich Pahls; Tom White; and Lavon Heidemann. Members absent: Mike Flood. []

SENATOR WIGHTMAN: Good afternoon and welcome to the public hearing of the Executive Board of the Legislative Council. First of all I would like to introduce the members of the Executive Board and the board staff and then briefly explain the procedure we will be following here this afternoon. First, to my right, is Janice Satra, legal counsel of the board. To her right is John Nelson from Omaha, Vice Chair of the board. To Senator Nelson's right is Senator Russ Karpisek from Wilber. Speaker Flood is absent today. To Senator Karpisek's right is Senator Mark Christensen from Imperial. And to his right is Senator Lavon Heidemann from Elk Creek, Nebraska. I am Senator John Wightman from Lexington. To my left is Jessica Shelburn, committee clerk. Temporarily absent from his seat but heading back that direction is Senator Chris Langemeier from Schuyler. To his left is Senator Rich Pahls from Omaha. To Senator Pahls' left is Senator Deb Fischer from Valentine. And on the far right is Senator Tom White from Omaha. He hasn't been described as being on the far right often, but...(laughter). We're here today for a public hearing on LR542 introduced by Senator Heidemann. We will first hear testimony from the introducer of the bill--or resolution in this case, a resolution, followed by those in favor of it and then testimony in opposition, and finally we will hear from those who have neutral testimony. We welcome anyone to testify, but I ask that you not be repetitive and that you try and keep your testimony to three minutes. Sign-in sheets are available at the testifier table. Please fill the form out completely before you come up, and hand it to the page before you begin your testimony. Thank you. And with that, we will start with Senator Heidemann to introduce LR542. []

SENATOR HEIDEMANN: Thank you, Mr. Chairman and fellow members of the Executive Committee. I bring to you--before you LR542. When we went into special session last year, we not only started talking to the Fiscal Office about how we was going to handle things at the present time, but we started looking at the out-biennium. When we came in in January, we knew we was going to have some work to do in the deficit year, but also in my six years on Appropriations I have never heard as much discussion about the out-years. And LR542 is going to deal with the situation which we see coming at us in the out-years. We have well over--right now on a financial status would show well over--I think it's \$678 million. That's memory approximate. It will all be driven off of the October forecast--what we're actually going to build our biennium budget off of. We anticipate that number probably to grow larger instead of smaller. It

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would have to be a small miracle that if it didn't. Because of that and the concerns that we have, we came up with this plan that we need to start sooner rather than later and not only in Appropriations but trying to get all other committees involved. And because of that, that's where we come up with the idea of LR542. And if you've read it, you're understanding that first we're going to try to get an ad hoc committee together, which would be the committee Chairs; but from that it goes on that we're going to try to get the other committees involved to the point of looking about where we can save money. And as we do this in Appropriations at times, we realize that we can cut money, but if we go to the point of cutting programs...and as we see the problem before us, we probably will not be able to cut our way totally out of this across the board. And actually we've done that to quite a great extent already. We literally, probably, will be having to eliminate programs. And when you're talking about eliminating programs, we can cut money in Appropriations, but we can't eliminate programs if they're in statute. And that is one reason that we're trying to get all the committees involved. Because eventually if we do have to, and if it comes to that point of cutting programs or making changes in what we do as a state, we will need the help from all the other committees to make this work by enacting legislation, by changing statute to take these programs out. And that's pretty much the broad view of LR542. It would be my anticipation or my thought...and I don't know how this will all unfold. And this is a work in progress; there's no doubt about that. A lot of things that we do will probably be driven off of what the ad hoc committee actually comes up with. But it would be my thought that there are going to be some committees very involved in this. I've had conversations with Senator Adams extensively about this even before we come up with and was going to introduce LR542. He realizes that he's going to have a busy summer. We will not be able to make this thing work unless we're going to have to control some of the costs in education. And when you do that, you're going to have to redo the state aid formula, and at that time you already know that the Education Committee is going to be involved. There are other things that the Education Committee will actually be involved in. I've had conversations with Senator Gay with the Health Committee, that he understands the amount of money that we're going to have to access from those services that is underneath their bailiwick, underneath their control, that he's got some work to do. I see those two committees being very involved in this, and they're going to have to be involved in this to make this work. It will be somewhat up to the committees exactly, probably, how involved they want to be. Another thought would be you do have inside of your committees the expertise in certain areas, more so than what Appropriations does. So you understand a little bit better what we have to do as a state and maybe what we don't have to do as a state. And we want those decisions with that expertise, and that's the reason we would like to get you involved. I will say, I mean, when this all comes down to it, we're going to need your help. But it will be the Appropriations Committee will still go back in January doing the heavy lifting. I think with that--if you have questions. [LR542]

SENATOR WIGHTMAN: Senator Heidemann, I guess you talked about the two committees particularly, and they are responsible for probably more than 70 percent of

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the total budget, are they not, the Education and Health? [LR542]

SENATOR HEIDEMANN: I would have to guess that your percentages is pretty close, yes. [LR542]

SENATOR WIGHTMAN: Well, we always talk about three agencies--the University of Nebraska, K-12 education, and Health and Human Services--being responsible for about 70 or a little over 70 percent of the total budget. And all three of those would be in those two committees, am I right? [LR542]

SENATOR HEIDEMANN: Yes. [LR542]

SENATOR WIGHTMAN: And the budget, as we're looking at it, already has built in increases on the revenue, is that correct? [LR542]

SENATOR HEIDEMANN: The revenue increases right now I think are at 7.2... [LR542]

MIKE CALVERT: In the two out-years. [LR542]

SENATOR HEIDEMANN: ...in the two out-years. Those are LFO numbers, and that's why I had mentioned that. That will all change in the next October Forecasting Board meets--and probably just thinking those numbers might be a little optimistic right now. [LR542]

SENATOR WIGHTMAN: The \$678 million shortfall that you're talking about for the out-years already projects a 7.2 percent... [LR542]

SENATOR HEIDEMANN: 7.2 percent. [LR542]

SENATOR WIGHTMAN: ...growth in both of those years. [LR542]

SENATOR HEIDEMANN: Yes. [LR542]

SENATOR WIGHTMAN: Other questions? Senator Pahls. [LR542]

SENATOR PAHLS: I have a quick one, and this may be a sidebar to what you're doing...you're not taking, as I'm looking at it...this would not affect the current employees? Is that...am I miss...where am I missing an element here? Are we going to leave, like...or, for example, I know...are we going to take a look at our staff or things like that, or is that involved in this at all? [LR542]

SENATOR HEIDEMANN: Are you talking about Legislative Council, or are you talking about all state employees? [LR542]

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SENATOR PAHLS: All state employees. Well, since we're talking about Legislative Council, are we going to take a look at that? [LR542]

SENATOR HEIDEMANN: I think everything will be on the table. [LR542]

SENATOR PAHLS: Because I...there are some strategies--and I don't know if people do that, but I'll just show you some things that I do, is I do a task analysis: I have the teachers--I have these staff members tell me what they do hour by hour through the summer. I think we'd be surprised at the utilization of our staff. But if we're going to do anything, we have to be taking a look at people. And I'm also going to challenge us to take a look at our--even though I know this is a pain--our job descriptions. If you take a look at the job description, you are in charge of your AA or your LA, but are you in charge of the legal counsel in your committee? Are you? [LR542]

SENATOR HEIDEMANN: Well, I don't have...well, I have an RA. But like the committee clerk, I guess you would say that I'm in charge. She works for me. I hired her. But she works for the committee. [LR542]

SENATOR PAHLS: Right. Yeah. No, but I'm just saying that there's some things we need to take a look at, and I know...because once you start looking at that...and I don't know if that's, this is going to do, but I think if we're just going to talk to these grandiose ideas--let's cut education and let's cut health--I think we need to get down to the, you know, nitty-gritty. Because I can still remember the first time that Patrick made a comment to all of us who were basically in the same group--you know, we all came in together--he said you ought to make sure your staffs are really doing certain things over the summertime. I'm not picking on that, but I say I think there are areas that we need to take a look at. [LR542]

SENATOR HEIDEMANN: I don't disagree with you. When you look at we've had 5 percent across-the-board cuts in special session, another 2 percent to some agencies in this deficit bill, we will have to get down to the nitty-gritty. [LR542]

SENATOR PAHLS: Yeah. But what I'm curious about is this...will this group do that or will that be...? [LR542]

SENATOR HEIDEMANN: More so in the committees. I mean, this is what we want the committees involved. [LR542]

SENATOR PAHLS: Okay. That's what I was trying to figure out, who...if that would be sitting on your table and you just...but you're saying it comes back to us. [LR542]

SENATOR HEIDEMANN: Yes, as a committee you're going to have to look into things

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that you think--not only where you could access the money but to make things better.
[LR542]

SENATOR PAHLS: Okay. [LR542]

SENATOR HEIDEMANN: And if you can do that, that would be great. [LR542]

SENATOR PAHLS: Yeah. And Senator Langemeier just pointed out to me what my concern is--who's going to be doing that--and I appreciate that. I was just a little bit...I thank you. [LR542]

SENATOR WIGHTMAN: Thank you, Senator Pahls. Thank you, Senator Heidemann. I would point out, Senator Pahls, the Legislative Council...first of all, the Executive Board would be included in this. [LR542]

SENATOR PAHLS: Yeah. He pointed that out to me. [LR542]

SENATOR WIGHTMAN: Okay. [LR542]

SENATOR PAHLS: So I appreciate that. [LR542]

SENATOR WIGHTMAN: Thank you. Any other discussion? If not, do we have other testifiers in favor of LR542? [LR542]

SENATOR HEIDEMANN: What was that? [LR542]

SENATOR WIGHTMAN: Just asking if we had other testifiers. Do we have...? I gather there's no further questions of Senator Heidemann. Any other testifiers in favor of LR542? Seeing none, are there any testifiers opposed to LR542? Seeing none, anybody that wants to testify in a neutral capacity with regard to LR542? If not, we will close the public hearing on LR542. Thank you. [LR542]